Supplier Diversity Commitment

• **General Order (GO) 156**
  - Adopted by the California Public Utilities Commission in 1986
  - Promote greater competition among utility suppliers by **expanding the available supplier base** and to encourage greater economic opportunity for **women, minority, and disabled veteran owned businesses** historically left out of utility procurement

• **Fast Forward to 2012 at SDG&E**
  - “Advancing supplier diversity is more than just a priority for San Diego Gas & Electric® (SDG&E®); it’s become part of our company’s DNA.”
    - *Jessie Knight, CEO, SDG&E*
  - Supplier diversity goals are part of our compensation goals
  - **38%** of our procurement dollars in 2011 went to diverse business enterprises (DBEs)
DBE Historical Overview

No. 1 in DBE Spending in CA Electric Utilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>$147.1</td>
<td>$162.9</td>
<td>$196.6</td>
<td>$238.0</td>
<td>$385.3</td>
<td>$546.3</td>
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</tbody>
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2006: 22.89%
2007: 25.05%
2008: 29.23%
2009: 29.08%
2010: 36.88%
2011: 38.13%
An Integrated Approach for Supplier Diversity

- Understand sourcing needs
- Set annual DBE targets
- Tools to manage & monitor DBE performance
- Refer DBE suppliers

- RFIs & RFPs need to include DBE plan and target
- Introduce DBEs to primes
- Regular review of DBE subcontracting performance/targets

- Provide opportunities to meet internal clients and prime suppliers
- Provide technical assistance, development and mentoring

- Identify qualified DBEs
- Sponsor development and networking sessions
- Cross referrals from other corporations
What We Look for in a Supplier

- Company Knowledge

- Strong record and commitment to safety

- Demonstrated high quality work and performance; appropriate licensing and insurance; and high reliability & responsiveness

- Competitive pricing

- Provides additional value through special expertise, innovative approach, etc...

- Commitment to diversity (directly and/or indirectly)

- Commitment to environmental sustainability

- A strong understanding and compliance with applicable regulations
Services & Materials

We’re looking for Diverse Business Enterprises in the following areas:

- Advertising & Media Services
- Air/Ground Transportation
- Consulting Services
- Electric and Gas Commodities
- Electric Construction & Operations
- Energy Efficiency
- Engineering
- Environmental
- Facility Construction & Maintenance
- Financial
- Gas Construction & Operations
- IT/Telecom
- Legal
- Logistics
- Renewable Energy Solutions
- Smart Grid Deployment Services
Contracting Process

- All spend $10K, require a contract. Can be sole sourced.
- Spend above $75K, normally requires Request for Proposals (RFP)

Typical Contracting Process
- Each year, sourcing needs are identified
- Request for product or services from internal departments will go to Supply Management (SM)
- Project scope, timeline, budget is discussed and developed
- Supplier list is developed between internal departments, SM and DBE departments
- RFI may be issued to develop short list
- RFP will be issued using online system
- RFP bids are received and evaluated by cross functional team (DBE spend is a criteria for each bid)
- Contract negotiation, execution and monitoring
Doing Business as a DBE with Sempra Energy utilities

- Register on Diverse Business Enterprise web site and make sure applicable certification is current  
  http://www.suppliernetwork.net/CPUC/

- Get to know the SDG&E Diverse Business Enterprise Advisor and make sure they know your business ... provide your website

- Differentiate yourself, provide solutions and focus on your area of expertise ... shotgun approach rarely work

- Sharpen your pencil ... price is always important

- Look for subcontracting opportunities to work with primes

- Be patient, persistent and constructive
Supplier Development Programs

- **Technical Assistance (three-tiered approach)**
  - **Tier 1**
    - Suppliers in business < 3 years and < $1 million in revenue
    - Offered through Community Based Organization, Community Colleges, and Small Business Development Centers
  - **Tier 2**
    - Suppliers in business 3+ years and $1+ million in revenue
    - Offered through UCLA, SDSU, USD, UC Universities
  - **Tier 3**
    - Suppliers in business 5+ years
    - Targeted at proven DBEs with expansion plans into international markets and interests in emerging technologies
Supplier Development Programs

• Capacity Building
  • SCORE program – focus on new supplier relationships
    • Small Contractor Opportunity Realization Effort (SCORE)
    • Direct sourcing for opportunities $75,000 or less
    • Networking with contract delegates
    • Technical assistance “bootcamps”
      • Topics include: Marketing strategies, business plans, capital access, financial overview, licensing, insurance and bonding, union requirements, operator qualifications, RFP walk through, etc.

• Matchmaking
  • Supplier with internal clients, supply management, DBE advisor
  • Supplier to supplier; Supplier to other Fortune 500

• Mentoring
  • Assign DBE advisor to provide feedback on proposals (but not releasing competitor pricing), websites and general business
To learn more about our Supplier Diversity Efforts, 2011 Results, and 2012 Plan:
http://sempra.com/about/supplier-diversity/

To register your vendor:
https://vendorrelations.sempra.com/

To learn more about the DBE Certification:

MBE/WBE:
http://www.suppliernetwork.net/CPUC/

DVBE:
www.getcertified.dgs.ca.gov/